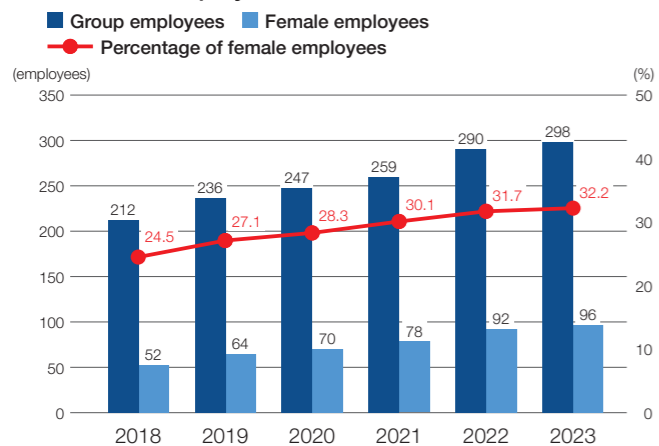


## Working to increase the diversity of our human resources and further enhance our corporate value

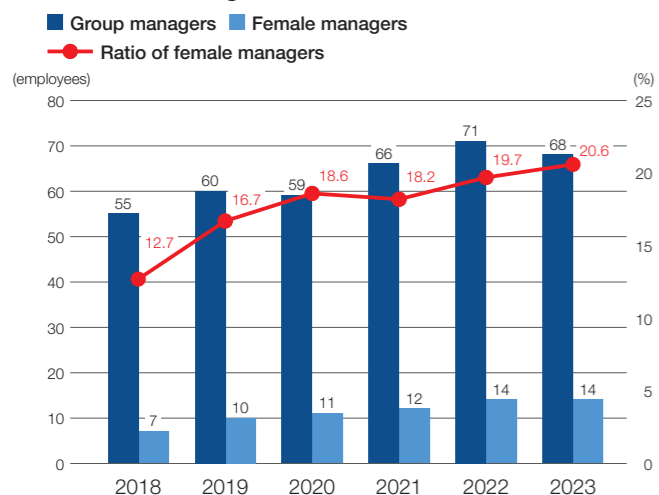
To achieve continuous improvement of corporate value, the AZN Group conducts analysis\* on the correlation between human resource strategies and management indicators. The results show a statistically significant correlation between the ratio of female employees and corporate value (Price-to-Book Ratio). We consider this an important fact, and we aim to increase the ratio of female employees to 40% and the ratio of female managers to 30% in the future.

To achieve this goal, we will implement measures to improve awareness within the company, support career development, and improve the working environment (e.g., curtailing overtime hours, establishing a backup system to cover for unexpected leave, etc.). In 2023, with the commitment of our Board of Directors, we also established a subcommittee to promote active roles for women. We are developing further measures to maintain and improve the diversity of our human capital, the true source of our consulting services.

### ● Number of Group Employees and Percentage of Female Employees



### ● Number of Group Managers and Percentage of Female Managers



### Leveraging knowledge and experience for sound and healthy management

Outside Director

## Madoka Mori



As a medical journalist and newscaster, I believe that the well-being of the individuals who make up our society is founded upon physical and mental health, and I have dedicated myself to improving health literacy, which is essential for well-being. I was appointed as an outside director because of my affinity with the company's vision, which aims to drive growth by enhancing financial, physical, and mental resources.

I believe that individual health issues in the workplace have a significant impact on everyone around, and that resolving these issues leads to a better overall work environment. Women's health issues, in particular, often impact their performance and careers, and measures to address them are urgently needed.

To contribute to a virtuous cycle of mental and physical health and growth, I will work earnestly to address these issues, drawing on my knowledge as a medical journalist and my own experience of overcoming life events and health challenges to continue my career.

### Changes in society, changes in the way we work, and the importance of diversity

Executive Officer, Real Estate Division  
General Manager, Regional Development Project Division

## Masako Miyagami



The best part of the real estate business is that no two properties are ever the same—you discover something new each time. I joined the company in 2003 because I was sure I could learn more deeply through handling real estate for clients.

Since joining the company, the way I work has changed following broader changes in society. For example, the spread of remote work has made it easier to balance work with raising children. People can work according to their own circumstances, regardless of gender or age. Japan's society has been making steady progress in this respect, assisted by technology.

AZN has also kept pace with these social changes, and our diversity is steadily increasing. It's great to have employees from different backgrounds pool their wisdom to think about solving client issues, among other things.

In the future, I hope to contribute to the company's growth from a broader perspective as an executive officer who plays an active part in management.

## ROIC management encourages autonomous efforts to improve in each department

In recent years, we have focused on building relationships with local clients in conjunction with regional financial institutions, and steady results are evident. Return on Invested Capital (ROIC) management, which we introduced several years ago, is taking root in all departments. We are focusing on human resource development, aiming for sustainable growth.



Director, Managing Executive Officer

## Shintaro Hashiba

### Greater investment in consultants and other human resources

#### — Could you give an overview of how your business has evolved in recent years?

For about two years, we have been strengthening our partnerships with regional financial institutions and enhancing our eight strategic individualized services. The need for these services is growing and our client numbers are increasing every year. We expect to see even more regional financial institutions cooperating with us in the future.

Succession of local companies is a major theme for regional financial institutions. Many of these are leading companies that play a role in driving the local economy. Smooth business succession of crucial business partners is a major challenge for regional financial institutions. In many cases, it is necessary to prepare for the succession of not only the business but also the family's property and other assets at the same time.

Many companies are facing difficult circumstances due to changes in industrial structure and the COVID-19 pandemic. On a case-by-case basis, some companies may be able to re-energize themselves through M&A. Our wide range of know-how and solutions tailored to the characteristics of each company can help resolve regional issues, which is highly valued by the regional financial institutions with which we work.

#### — Could you tell us about areas of focus for the future?

Above all, it is important to develop consultants and other human resources. We have made major changes from the OJT-centered policies of several years ago. Starting last year, we have clearly formulated a stance of investing in human

resources, including the use of external training services.

In FY2024, we are increasing human resource-related expenses by approximately ¥500 million, mainly by improving salary levels and investing in education. Human resource development takes time, but I get the sense that it leads to individual growth.

### Robust balance sheet and expanded cash flow

#### — What do you emphasize for sustainable growth, from a financial perspective?

Above all, our focus is on maintaining a robust balance sheet and expanding our cash flow. As for the balance sheet, we hold two years of SG&A expenses as cash and deposits to ensure that we can continue operations no matter what unforeseen circumstances may arise. At the same time, we maintain a certain level of interest-bearing debt in order to lower our weighted average cost of capital (WACC). However, net debt is kept negative.

Although we deal in real estate, we have a policy of not holding any real estate inventory. Thus, our balance sheet is extremely healthy.

In FY2023, our operating cash flow was 2.488 billion yen and free cash flow was 2.7 billion yen. Expanding cash flow is important in order to respond quickly to investment opportunities such as M&As.

Shareholder understanding of these policies is also essential. Our policy is to control return on equity (ROE) at a level of 20% with an assumed cost of capital of 8% and a payout ratio of 50%, aiming for a dividend on equity (DOE) ratio of 10%. With these goals in mind, we strive for balanced financial management.

#### — Could you tell us about the ROIC management that commenced in 2021?

The main objective of introducing ROIC management is to establish autonomous efforts toward improvement, devised by each department. Which value drivers need to be improved? How should they be improved in order to increase the ROIC of the department? For example, shorter lead times and greater productivity in consulting engagements are clearly reflected in ROIC figures. Such discussions and initiatives are becoming more active within departments, and we feel that ROIC management is showing how effective it is.

### Shareholder Return Policy

- (1) Dividend payout ratio at 50% level
- (2) Continuous dividend increases
- (3) Maintain DOE level above cost of shareholders' equity

\*Assuming a cost of equity of approximately 8%

	FY2021	FY2022	FY2023	3-year average	Target
Payout ratio	45.7%	50.1%	48.3%	48.0%	50% level
DOE	10.1%	11.0%	11.2%	10.8%	10% level